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Editorial: Still after predators

Brad Miller of Raleigh and Mel Watt of Charlotte have been the biggest champions in the U.S. House of putting a stop to predatory mortgage lending, an issue never more important. They're at it again, with an update of a bill that might prevent the foreclosures that have sent many people out of their homes -- primarily because they got trapped in loans they couldn't afford.

In fact, reports the Center for Responsible Lending, which tries to protect consumers, there may be 2 million families out there who either have lost their homes or may lose them.

Different factors lead these families into mortgage deals that come back to haunt them. Some agree to mortgages that start out with modest payments, but skyrocket in a matter of a few months. Others wind up financing too much, including points and fees. Some face prepayment penalties for subprime loans.

What Miller and Watt are hoping is that the mainstream lenders will support them. Legitimate mortgage firms, after all, don't want to own a bunch of houses. They don't want people to fail. They don't want to put families on the street.

Specifics of the bill include prohibiting those prepayment penalties, prohibiting financing points and fees, and stopping refinancing unless there's a "net tangible benefit" for the homeowner. Importantly, the bill would require lenders to prove that those borrowing money have the ability to pay off their loans. Also, mortgage brokers and bank loan officers would have to be licensed. Some companies are alleged to have incentives for their brokers to guide customers into loan arrangements with the highest interest. Miller and Watt want that stopped.

Dreams are great. Dreams are necessary. And, the dream of home ownership is good for the country, obviously, giving people a real stake in their communities, not to mention making them

property taxpayers.

But when those dreams are dashed by greed, and by the unfamiliarity of perhaps naive borrowers with an inclination to skip the fine print, no one wins. This "crusade" of Miller and Watt's is a noble one, exactly the kind of thing members of Congress should be doing to protect the folks back home